

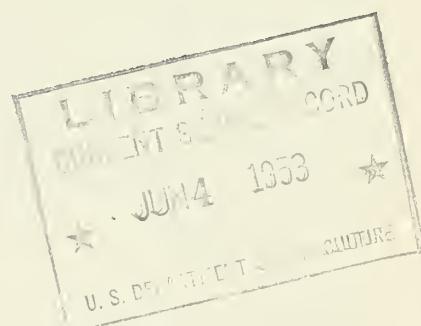
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MARKETING ACTIVITIES



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MARKETING ACTIVITIES

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Efficiencies In Self-Service Retail Meat Departments

By Edward M. Harwell

Substantial increases in the amount of meat that can be prepared for retail sale by employees of self-service meat markets are possible through the adoption of techniques recently developed by marketing research specialists of the U. S. Department of Agriculture. These new methods of increasing man-hour production include proper work methods, newly designed equipment, and more efficient layout. They are the result of a series of studies made by the Marketing Facilities Research Branch of the Production and Marketing Administration.

Practical application of the new work methods and equipment in the self-service meat departments of 7 of the chain stores which cooperated in the studies have led to a preliminary estimate of increased output in those operations averaging 23 percent.

Reports on two phases of the studies, (1) receiving, blocking, and cutting and (2) packaging and displaying, are now being prepared for publication and should be available soon. Further study is being made in connection with the over-all layout of these operations. All the studies were made under provisions of the Agricultural Marketing Act of 1946.

The studies of self-service meat market operations were made in several stores of 3 cooperating chain store organizations. An analysis of labor requirements in typical self-service meat markets showed that two functions - retail cutting and packaging - accounted for 65 percent of all of the man-hours necessary in their operation. Most of the improvements developed through the studies covered these operations. While the published reports of the studies will give more detail, a brief summary of some of the results of the research follows:

In breaking down wholesale cuts of meat into retail cuts, a device was developed which removed the smear from each retail cut of meat as it was cut on the power saw and increased productivity on those items cut on the power saw by 22 to 33 percent. ("No Smear Meat Sawing," MARKETING ACTIVITIES, March 1953.)

A new cutting table was designed and tested which brought all tools and materials within easy reach of the operator. Empty pans were stored at table top level, and the wrapping paper was suspended above the pans. Waste receptacles were placed on casters and positioned beneath the cutting table. Slots were provided in the table for waste disposal. The power saw was placed at right angles to the cutting table to minimize walking distances. It was found that placing the retail cuts on boards or trays should be performed as a part of the wrapping operation rather

than as a separate operation. As a separate function it means an additional handling of each package.

A single conveyor carrying unwrapped meat to the wrappers and wrapped meat to the pricing operation caused confusion and productivity loss. Two conveyors, one above the other, to separate wrapped meat from unwrapped meat, were found to be little better because of the additional fatigue created by having the operators work at an awkward level. Gravity conveyors on both sides of the wrapping station, one feeding unwrapped meat to the operators and the other carrying wrapped meat to the pricing table, offered a solution to the problem of improved product flow.

A new wrapping table was designed which increased wrapping productivity and reduced operator fatigue. (Figure 1). This "easy-reach" table had all materials positioned within arm's length of the operator, including pans on either side for wrapped and unwrapped meat. A new type of film holder for sheet cellophane was developed and incorporated in the improved wrapping table. This "fold-over" wrapping film tray conserved storage space and facilitated grasping each sheet of film. A stool was provided at this operation for alternate sitting and standing.



Figure 1. The "easy-reach" meat wrapping table.

Two types of label printing machines, the separate label printer and the combination scale and label printer, were evaluated. Both offered substantial savings in labor. In addition, the separate label printing machine printed complete labels from a roll of blank paper, thus eliminating the need for a label supply for each commodity sold, in addition to cutting label material costs by more than 50 percent.

Studies on four common types of prepackaging scales showed one of these types to be slightly more productive and employees made fewer mistakes in reading it. A tare attachment was developed to eliminate the need for physically weighing the packaging materials in making a tare adjustment. This device consisted of a pointer attached to the tare knob on the scale. A white card was inserted in a frame to the rear of the pointer and colored or numbered lines were drawn on the card to indicate the weight of the various tares. The operator needed only to turn the indicator to the proper line for each tare set.

A pricing table was designed which incorporated the separate label printer and the scale which proved to be most accurate. (Figure 2) A pan dolly rack designed to hold six pans of wrapped meat was used by the pricing operator for temporary storage after the product had been priced. Fewer trips to the display cases were necessary with the pan-dolly rack. Previously, each pan was carried individually to the display area. Alternate sitting and standing facilities also were provided for here.



Figure 2. A meat pricing table arranged to obtain maximum production.

Size of pan loads was found to be an important factor in market productivity. Larger pan loads mean less time per package for the many handlings in the market when a pan is used to handle the product. The 12 by 30 inch pan was found to be superior to the 12 by 24 inch pan because of the increased capacity.

Room For Improvements

It was found that a number of opportunities existed for improving self-service meat market layout. Designing a good layout consisted of tying together the successive operations in a market in such a manner that there is a smooth, continuous flow of product with a minimum number of product handlings and a minimum amount of walking. To obtain proper layout it was necessary to adhere to the following basic principles:

- (1) The cutting operation should be as near the cooler as possible.
- (2) Pans of product from the cutting operation should be placed on a gravity conveyor located adjacent to the cutting table.
- (3) This gravity conveyor should connect the cutting operation with all wrapping stations.
- (4) A second conveyor adjacent to the opposite side of the wrapping tables should connect each wrapping unit to the pricing operation.
- (5) The pricing operation should be as near to the center of the display cases as possible.
- (6) Display cases should be serviceable from the rear to eliminate interference with customer traffic.

Improved equipment methods and layout developed in the studies were installed in 7 test stores of the 3 cooperating food chains. Data were obtained on market productivity for several months preceding and following the installation of the improvements. Productivity in these stores, based on company records, increased from 19 to 31 percent after improvements were installed. The average increase for the 7 stores was about 23 percent, according to preliminary estimates. Productivity of similar stores in the same areas during the same periods remained relatively constant.

The installation of proper equipment and layout will not, in itself, automatically bring the desired increased productivity. Only through proper personnel retraining in the new methods and on the new equipment, can the potential results be realized. Continuous follow-through, to insure that employees are following the new techniques, not only is necessary to maintain increased productivity, but could also result in still further production gains.

As soon as the reports on the studies upon which this article was based are available, they will be noted under the "About Marketing" section of a subsequent edition of MARKETING ACTIVITIES.

"Silent Salesman" For Eggs

By Dr. L. B. Darrah and Dr. Peter L. Henderson

A new type display case for eggs in retail stores has been developed that has extra "eye appeal," provides excellent quality protection through a new system of refrigeration -- and apparently sells many more eggs than the usual method of display in retail stores. The self-contained and portable display unit, which really fills the bill as a "silent salesman," was evolved in the course of an egg marketing research project conducted by the Cornell University Agricultural Experiment Station and the Poultry Branch, Production and Marketing Administration, USDA.

In preliminary tests of the effectiveness of the new display case, under actual store conditions, egg sales were so increased that the additional gross profits realized would have paid for the equipment in less than three years. Gross profit on the investment in the case in its first retail store test was about 35 percent a year. Egg sales during the three weeks when the case was used in a Rochester, N.Y. retail store were substantially higher than in the check periods both before and after the unit was used.

A subsequent test in the Binghamton-Corning area of New York State resulted in a 9 percent increase in egg sales when the display case was used in super market stores. In this test the display case was left in each store for only one week. The work in Rochester indicated a growth in sales during the second and third weeks of the test, suggesting that an increase of over 9 percent might occur with continued use of the case.

Behind the development of the new egg display case were four years of egg marketing research by the Cornell University Experiment Station in New York State, which had revealed the following major problems:

1. In heavily populated New York State only about one-half the consumers buy their eggs in retail stores. They give as one of the important reasons for not doing so their belief that they can obtain higher quality eggs from other sources. A State-wide study found that about 92 percent of the eggs offered for sale by retailers were labeled Grade A, but upon inspection only about one-third were determined to be Grade A.

2. Another problem was the lack of refrigeration facilities for eggs held in temporary storage for later sale in retail stores. A study made in July and August 1949 showed that of all eggs so held, 27 percent of those in large stores, 36 percent of those in small stores, and 47 percent of those in medium sized stores were not held under refrigeration.

3. Related to this lack of refrigeration for eggs held in temporary

storage was the temperature of eggs on display, which ranged from a low of about freezing up to 80° F. Less than 27 percent of the eggs covered in the same study were being displayed under proper temperature conditions, from 45 to 55° F.

4. A final problem turned up by the studies was the small amount of display space allotted to eggs in stores and the fact that they were usually crowded in between dairy and other similar products. Stores with adequate display space were found to have consistently higher egg sales than comparable stores with inadequate displays.

On the basis of these findings it was decided to develop a pilot model egg display case which would provide the proper temperature conditions to maintain quality and, at the same time, permit the eggs to be properly displayed in adequate volume. Such a case was worked out and tested under retail conditions. Since then an experimental commercial model, with certain modifications, costing approximately \$400, has been brought out.



PHOTO COURTESY OF BAILEY AND PERKINS CO., UTICA, MICHIGAN

This is a commercial model of the display case described in this article. It can be made in different sizes to fit in available store space.

Refrigeration in the glass-fronted case comes from refrigeration plates which act as partitions and as the outside ends of the display area, circulating cold air directly and more uniformly through the egg cartons.

Another feature of the unit is a panel above the case for display of pictures of egg dishes, explanations of the various uses of the eggs displayed, price information or other promotional material. Since the case is completely self contained and portable, it can be moved to the best location in the store for egg sales.

Research under which the case was developed was financed in part with the Agricultural Marketing Act of 1946 funds. Copies of the report giving details of the case "A Store Display Case for Eggs," may be obtained from the Department of Agricultural Economics, Cornell University, Ithaca, N. Y., or from the Office of Information Services, PMA, U. S. Department of Agriculture, Washington 25, D. C.

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MEAT RETAILING COSTS VARY BY VOLUME HANDLED

Meat retailers could lower their per-pound costs of operation by increasing the volume of meats they handle, according to the Bureau of Agricultural Economics, USDA. This finding is from a report on an Agricultural Marketing Act study made by the Bureau in Harrisburg, Pa., Topeka, Kan., and Bridgeport, Conn., to develop basic data looking toward lowering retail costs and thus helping to increase distribution efficiency in the retail meat trade.

The study revealed that meat departments handling less than 1,000 pounds of meat a month (wholesale weights) had operating costs ranging from 20 to 25 cents a pound, while those handing over 4,000 pounds monthly had operating costs of only 8 or 9 cents a pound. Stores handling relatively low volumes of meat, particularly those handling under 1,000 pounds monthly, could cut per-pound operation costs by boosting volume since they would get more efficient utilization of their labor.

Labor is the chief cost item in running a meat department, ranging from 65 to 70 percent of total operating costs, the report noted. Rent is the second most important operating cost and ranged from 5 percent of the total of such costs in Harrisburg to about 14 percent in Bridgeport. Payments for light, heat, and power; license and insurance, depreciation of equipment; containers and wrapping materials; maintenance; advertising; and miscellaneous varied from 22 percent of total operating cost in Bridgeport to about 30 percent in Harrisburg.

Copies of the report, "Costs of Retailing Meats in Relation to Volume," are available from the Division of Economic Information, Bureau of Agricultural Economics, U. S. Department of Agriculture, Washington 25, D.C. A summary of the report appears in the May 1953 issue of BAE's publication, "The Agricultural Situation."

NAMO Conference

Because of the importance of the subjects covered and the extremely interesting discussions that resulted at the recent meeting of the Atlantic States Division of the National Association of Marketing Officials, a fairly comprehensive report of the proceedings has been prepared. Due to its length, however, the report will be carried in two installments; the second part to appear in the June issue of MARKETING ACTIVITIES.

Increased participation of State agricultural and marketing agencies in programs of the U. S. Department of Agriculture - particularly those relating to distribution of farm products - was foreseen by Department representatives at the 1953 annual conference of the Atlantic States Division of the National Association of Marketing Officials. The meeting was held in Washington, April 20 through 22.

Those attending the meeting also heard that distribution has succeeded production as the country's major agricultural problem and that there will be increased emphasis in this field, including research and service work, even though substantial economies are to be effected throughout the Federal government.

Most of these points were developed by Whitney Gilliland, Assistant to Secretary of Agriculture Ezra Taft Benson, who discussed the relationship of the Department with State agencies, and Roy W. Lennartson, Assistant Administrator for Marketing, Production and Marketing Administration, who welcomed those attending the meeting.

Other highlights of the meeting were discussion panels on cooperative Federal-State projects under the Agricultural Marketing Act of 1946; poultry grading programs, particularly the use of "bonded" graders; whether cooperative Federal-State meat grading is possible; effects of the proposed Interstate Commerce Commission regulation on "trip leasing" of motor trucks carrying agricultural products; and the possibilities of market news service for cut flowers.

The session also was marked by the attendance of NAMO national president, Charles J. Carey, Chief of the Division of Markets, California, who expressed pleasure with the interest shown in Agricultural Marketing Act work. He invited those present to a "National Workshop" at the University of California at Berkeley, August 7 to 15, which will cover several important phases of marketing service work, and urged all who possibly could to attend the annual meeting of NAMO in San Diego, Cal., October 26 to 30.

The conference was opened by Clement A. Lyon, president of the Atlantic States Division of NAMO, and director of the Division of Markets and Standards, New Hampshire Department of Agriculture, who introduced Mr. Lennartson.

Greeting those in attendance at the meeting, Mr. Lennartson, pointed

to the wide marketing experience of Secretary of Agriculture Benson and his top assistants to predict increased emphasis on "this matter of distribution, to the end that the proper instruments be provided producers, distributors, and others in an attempt to better the welfare of the American farmer."

Commenting on the concern in Congress and elsewhere over the ever-widening spread between what producers get and what consumers pay during the current period of easing agricultural prices, Mr. Lennartson said that while it was not possible for those in marketing to correct all these ills, "it is incumbent upon all of us to pay a lot more attention to the services being rendered and the costs they are taking out of the distribution picture."

Mr. Lennartson saw no "serious effect" on inspection and grading work or regulatory work from tightening of Federal and State expenditures, but warned that USDA and the States must work closely together to do a better job with about the same amount of money they have had in the past. He expressed hope that changes within PMA would result in better representation of State marketing agencies in AMA "matched fund" projects, but added that because demands for these funds always have been double or triple what was available, it looks like "a rationing process for some years to come."

With respect to market news, the Assistant Administrator said that a careful survey of this service has been made for each individual State and during the year USDA representatives will contact each State to discuss the program further. He assured the conference that the Department has no intention of telling State officials that "this is how it is going to be," but that there will be a full discussion of the market news program for each State so that the Department can report back to Congress "the extent of progress we are making in getting a better balance between Federal and State contributions to the program."

USDA and State Relations

Discussing the effect new USDA policies will have on State relations, Mr. Gilliland, Assistant to Secretary Benson, foresaw increased participation by State agencies in programs of the Department. Recalling campaign speeches of President Eisenhower and policy statements of the new Secretary, he said:

"I think you can be sure that there will be increased participation in Department programs on the part of the States; that there will be an increase in Department interest in the States and in marketing and marketing research." He added that this matter is receiving a "great deal of attention" and that committees are working on it.

The Assistant to the Secretary also called attention of the conference to the pledge of Secretary Benson to "go forward strongly" in the field of marketing and marketing research. Although the Administration is pledged to economy, and the Department is making substantial cuts elsewhere, he said, more funds than heretofore are being sought for all De-

partment research work and about the same as in previous years for marketing research under the Agricultural Marketing Act. Expansion of marketing research by private industry also is being sought by Secretary Benson, he added.

"I can assure you that under its new administration the Department of Agriculture will support an adequate program of research and education in production, marketing and the utilization of farm products," Mr. Gilliland concluded.

Discussion by State Marketing Officials

In the discussion panel which followed, J. H. Meek, Chief of the Division of Markets, Virginia, stressed the fundamental interests of the States and USDA in "cooperation rather than duplication" to solve marketing problems, and urged that some of the funds saved by the Department in other fields be put into research or service work where they would be matched by the States or where the work would be self-supporting. He said that while a lot has been done in standardization of food and farm products at wholesale, retailers and consumers have just been touched.

George Chick, Chief, Division of Markets, Maine, said that a committee, representing State departments of agriculture and marketing agencies on market service work, felt that Title II of the Agricultural Marketing Act of 1946 was not being carried out as Congress intended and has asked for a conference with the Secretary of Agriculture and the chairmen of the House and Senate Agricultural Committees. The speaker said that there was no question of the sincerity of the people who have been in charge of this work, but that they have had too many additional duties to perform. He also complained that there are no representatives of the State agencies on the AMA commodity advisory committees and felt that this might be the reason those groups gave "only slight attention" to marketing service work. Mr. Chick added that the marketing work of the Department should be channeled through marketing specialists and not production specialists.

John A. Winfield, Director, Division of Markets, North Carolina, declared that if the Department of Agriculture is interested and anxious to find solutions to the fast changing problems in marketing, it will get along with the States, particularly if the work is done cooperatively.

Federal-State AMA Projects

Leighton G. Foster, Chief, State Marketing Service Staff, PMA, traced the history of Federal-State projects under the Agricultural Marketing Act and said that the time has come to reevaluate these marketing programs to select those that are going to be "most vital." Among the changes in marketing that are going to need attention, he listed the by-passing of terminal markets, decentralization of processing plants, the increasing importance of local and concentration markets, and the steadily increasing amount of agricultural commodities moving by truck.

"We have to consider if the programs now under way or planned for

the future are paying their way by helping solve specific marketing problems and if our service programs are meeting the needs of farmers and the trade in intelligently marketing agricultural products," Mr. Foster declared. "Are we accomplishing anything, and can we demonstrate the need of carrying on?"

These questions, he said, should be particularly and carefully answered in the presentation of Federal-State projects to AMA advisory committees since these groups help determine the allocation of funds for such work. He urged the State project leaders to submit reports showing that their work has been constructive, has had tangible results, and detailing these results. Such information, he explained, has been lacking until this year and there was no opportunity to present the case for these projects to the AMA commodity committees.

"How much we can get allocated for State work projects will depend upon how well we can present our case to these committees," Mr. Foster emphasized. "We in the Department are helpless unless you can give us the tangible results."

States Lack Funds

In the discussion of this matter several conferees decried the lack of State funds which prevent them from participating in the program.

"With no State money and the present outlook for Federal funds, it looks like we are going to be orphans," said Louis A. Webster, Director, Division of Markets, Massachusetts.

Warren W. Oley, Director, Division of Markets, New Jersey, added that his State also had no funds for this AMA work, but "not because of lack of interest in this valuable program." Outlining some of the marketing work that has been done in his State, he said that his organization is obtaining information from other State AMA projects that can be applied in New Jersey.

"Changes are coming constantly in marketing," Mr. Oley pointed out. "We are the men that have to keep up with them if our marketing work is to click in our own States."

Walter S. Mason of the New York Bureau of Markets outlined the market report work being done in that State through AMA projects and stated that there was no doubt that marketing methods are changing, with the chain stores and supermarkets going to the source (producers) for the farm products they buy. He said that his State has a proposed project to explore this situation and also to do something to improve the methods of packaging used on regional and farmers' markets.

State Problems

F. W. Risher of the State Marketing Bureau, Florida, and secretary of the Atlantic States Division of NAMO, described a problem in his State where cattle buyers, dealing directly with growers, are "picking up the

"tops of herds" leaving only lower grade cattle for the auction markets from which prices are reported. He asked if a study of this, designed to give producers better price information, would lend itself to an AMA project.

Mr. Lennartson, who was present, thought that it would. He also commented on Mr. Mason's remarks and cited the project work accomplished in New York as good examples of AMA projects.

Mr. Carey discussed briefly work being done under similar projects in his State on alfalfa hay and country cattle sales.

At a later session on AMA projects, J. E. Youngblood, director, South Carolina State Agricultural Marketing Commission urged closer coordination and organization of this work. He cited his State's peach marketing problem, caused by the introduction of earlier varieties in the various growing areas which have brought about an overlap of marketing seasons, and thought that a current AMA study of this situation would prove helpful.

W. L. Cathey, Chief of Markets and Marketing, Georgia, said that unlike the trend in other eastern States, chain stores are patronizing the farmers' markets there, and cited 1952 sales totaling \$42 million on the Atlanta market alone, as compared with \$38 million the previous year.

Benjamin P. Storrs, Chief, Division of Markets, Connecticut, felt that the increase in purchases by truckers direct from farmers in his State has been helped by good roads and better packing by the growers. He said that farmers are not afraid of being cheated in selling direct to truckers if they can get market information promptly via radio and newspapers.

Marketing Service Projects

Discussing AMA State marketing service projects at a later session, William C. Crow, Director, Marketing Facilities and Research Branch, PMA, stated that there has been no time when the need for this work was greater than at present, with more demand than ever from producers, handlers and consumers to cut costs and the necessity for finding outlets for abundant crops. He urged the State officials to hold these projects to useful and practical marketing improvements and to eliminate any "inconsequential stuff." He emphasized that project leaders should:

"Know the real problems, find the answers and get results. Research results are no good unless they are put to work... Only when we get results will we get anywhere in selling this program."

Mr. Crow also urged that good annual progress reports be turned in by the States on each individual project, showing what the problem was, what was done, and what was accomplished. He stressed that this was necessary to give the AMA advisory committees a clear picture of the work since they recommend funds for these programs. States with "know-how" should help States that are just getting started in the marketing service field, he added.

Questions And Answers On Wheat Allotments And Quotas

By John C. Bagwell

Wheat supplies will be unusually large in the 1953-54 marketing year that begins this coming July 1. On the basis of prospects in May, 1953 wheat production will amount to a little more than 1 billion bushels. The carry-over of old-crop wheat on July 1 is expected to be in the neighborhood of 575 million bushels. Allowing for some imports, total supplies would be about 1,600 million bushels, which would about equal the former record established in 1942-43.

Existing farm legislation provides for acreage and marketing restrictions when supplies of wheat get out of line with demand. Because there is a possibility of restrictions on 1954-crop wheat, many questions are being asked about the manner in which the restrictions may be put into effect. Some of the more frequently asked questions, and their answers, are as follows:

- Q. Under what legislation are restrictions on wheat established?
- A. The Agricultural Adjustment Act of 1938, as amended.
- Q. What are the types of restrictions used?
- A. Acreage allotments and marketing quotas.
- Q. On what crops may restrictions be placed?
- A. Quotas may be used only for wheat, corn, cotton, tobacco, rice, and peanuts. Allotments may be used for other field crops as well.
- Q. Who proclaims the national wheat acreage allotment?
- A. The Secretary of Agriculture, who "proclaims" the allotment for the next crop of wheat.
- Q. What is the latest date the Secretary may make this proclamation?
- A. Not later than July 15.
- Q. How large must the national wheat acreage allotment be?

A. An acreage large enough to produce a crop which, together with the carry-over and imports, will make available a supply equal to a normal year's domestic consumption and exports plus 30 percent of such consumption and exports. The national acreage allotment, however, must not be less than 55 million acres.

Q. How is the national wheat acreage allotment apportioned?

A. The national acreage allotment is apportioned to States, to counties, and finally to individual farms.

The apportionment to States, and to counties within States, is made on the basis of the acreage seeded for production of wheat during the preceding 10 calendar years, with adjustments for abnormal weather and trends in acreage during the 10-year period. The county acreage is apportioned among individual farms on the basis of tillable acres, crop-rotation practices, type of soil, and topography.

Q. When marketing quotas are not in effect, are producers penalized for failure to comply with acreage allotments established for their farms?

A. There is no penalty except the producer is not eligible for price support as a "cooperator" (90 percent of parity through the 1954 crop) but instead is entitled to only such support as the Secretary in his discretion may make available to "noncooperators."

Q. Who determines that a marketing quota program is required?

A. The Secretary of Agriculture, who "proclaims" the national wheat marketing quota, in accordance with AAAAct provisions.

Q. What legal formulas must the Secretary follow in making his determination that quotas are required?

A. The AAAAct provides that the Secretary must proclaim a national marketing quota by July 1 if he determines (1) that the total supply of wheat for the next marketing year will be more than 20 percent larger than the normal supply, or (2) that the total supply of wheat for the current marketing year is not less than the normal supply, and that the average farm price for 3 successive months of the current marketing year has not exceeded 66 percent of the parity price.

The following illustrations, applicable to the 1953-54 marketing year, will clarify the manner in which "total supply" and "normal supply" are determined:

Total supply: The carry-over at the end of the current marketing year--June 30, 1953--would be added to total production from the 1953 crop. To this would be added the estimated imports for the next marketing year (1953-54). The resulting grand total would be the "total supply" as defined in the AAAAct.

Normal Supply: The domestic consumption for the current marketing

year (1952-53) would be added to the estimated exports for the next marketing year (1953-54). To this total would be added 15 percent as an allowance for carry-over reserves. The resulting grand total would be the "normal supply" as defined in the legislation.

Q. What is the latest date the Secretary may proclaim a national marketing quota?

A. Not later than July 1 for the marketing year that begins on July 1 of the following calendar year.

Q. Do producers have any voice in determining whether the marketing quota program shall become binding upon them?

A. Yes. The AAAAct provides that "the Secretary shall conduct a referendum, by secret ballot, of farmers who will be subject to the quota . . . to determine whether such farmers favor or oppose such quota. If more than one-third of the farmers voting in the referendum oppose such quota, the Secretary shall, prior to the effective date of such quota, by proclamation suspend the operation of the national marketing quotas with respect to wheat."

Q. What is the latest date the Secretary may conduct this referendum?

A. Not later than July 24 for the marketing year that begins on July 1 of the following year.

Q. Is the national marketing quota proclaimed in terms of bushels?

A. No. After the Secretary determines that the supply is such as to require quota program, he proclaims that fact and, in the language of the law, "during the marketing year beginning July 1 of the next succeeding calendar year and continuing throughout such marketing year, a national marketing quota shall be in effect with respect to the marketing of wheat."

Q. How are the individual farm marketing quotas determined?

A. They are based on acres--not bushels.

The process starts with the proclamation of a national acreage allotment. The national acreage allotment is apportioned, as already described, to States, counties, and finally to individual farms. Generally speaking, the marketing quota for an individual farm is the quantity of wheat produced on the farm acreage allotment.

Q. Are any producers exempt from the marketing quota program?

A. Yes. The program does not apply to any farm on which the acreage planted to wheat does not exceed 15 acres. This is true regardless of the size of the farm acreage allotment.

Q. What happens if a producer overplants his farm acreage allotment?

A. If the farm acreage allotment is exceeded, the "farm marketing excess" must be determined. The farm marketing excess is computed, in terms of bushels, on the basis of the normal production of the excess acreage.

Q. May the "farm marketing excess" be marketed by the producer?

A. Yes. But the producer is subject to a penalty per bushel equal to 50 percent of the basic loan rate. (The basic loan rate on 1952-crop wheat was \$2.20 per bushel.)

Producers may postpone or avoid the penalty by storing the farm marketing excess in accordance with regulations issued by the Secretary, or by delivering such excess to the Secretary for disposal. Until the farm marketing excess is stored, delivered, or the penalty paid, the entire crop of wheat is subject to a lien in favor of the United States for the payment of the penalty. The purchaser is required to pay the penalty, although he may deduct an amount equivalent to the penalty from the price paid to the producer.

Q. Does overplanting the farm acreage allotment affect the producer's eligibility for price support?

A. Yes. As pointed out earlier, the producer is not eligible for price support as a "cooperator."

Q. What would be the effect on the price support level should producers disapprove marketing quotas for wheat?

A. The Agricultural Act of 1949 provides that "the level of price support to cooperators for any crop of a basic agricultural commodity, except tobacco, for which marketing quotas have been disapproved by producers shall be 50 percent of the parity price of such commodity. . ."

Q. What are the principal differences between acreage allotment and marketing quota programs for wheat?

A. The marketing quota program might be described as "an acreage allotment program with teeth."

Specific differences are these:

1. In the absence of a national emergency, a national acreage allotment must be proclaimed by the Secretary each year, even though the supply situation is such as not to require the proclamation of a national marketing quota. A marketing quota program, on the other hand, can be proclaimed only when the supply (or price) level reaches a certain point specified in the AAA Act.

2. An acreage allotment program as such need not be approved by producers; marketing quota programs must be.

3. No "penalties" attach to noncompliance with an acreage allotment program as such; "penalties" are assessed on excess marketings when quotas

are in effect, and "noncooperators" are ineligible for price support at the level applicable to "cooperators."

Acreage allotments for wheat have been in effect six times since 1938, as follows:

<u>Crop</u>	<u>Acres</u>
1938	62,000,000
1939	55,000,000
1940	62,000,000
1941	62,000,000
1942	55,000,000
1950	72,776,000

Acreage allotments were proclaimed for the 1943 and 1951 crops but were terminated under the emergency powers of the AAAAct. Acreage allotments for the crops of 1944-49 inclusive and for 1952 and 1953 were dispensed with under the emergency powers of the AAAAct. Marketing quotas have been in effect only for the 1941 and 1942 crops of wheat.

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1953 CANNED FRUIT AND VEGETABLE "SET-ASIDE" PROGRAM

The USDA administered program requiring canners to set aside certain quantities of their 1953 fruit and vegetable packs for Armed Services purchases will take somewhat smaller quantities of the commodities this year than during 1952.

Similar to programs in operation during the past two years and during World War II, the "set-aside" requirements cover 22 specified canned fruits and vegetables and for this year will amount to approximately 5.3 percent of "base packs" of the canned fruits covered and approximately 7.5 percent of the specified canned vegetables.

The percentage of the base pack of canned fruits to be set aside ranges from 3.8 percent on peaches up to 22.8 percent on blackberries. Other fruits covered are apples, applesauce, apricots, blueberries, cherries, R.S.P., sweet cherries, Kadota figs, fruit cocktail, Bartlett pears, purple plums and pineapple. For canned vegetables the percent of the base pack to be set aside runs from 3.8 on green peas to 28.1 for sweet-potatoes. Other canned vegetables are asparagus, lima beans, green or wax beans, carrots, sweet corn, tomatoes and tomato catsup.

Under the order putting the program into effect, the Department will compute each canners' set-aside quantity from "base pack" information previously reported, or in the case of new canners, from a report covering their applicable base packs. Actual procurement of the canned fruit and vegetables will be handled by the Office of the Quartermaster General, Department of the Army.

ABOUT MARKETING

The following addresses and publications, issued recently, may be obtained upon request. To order, check on this page the publications desired, detach and mail to the Production and Marketing Administration, U. S. Department of Agriculture, Washington 25, D. C.

Publications:

Consumer Purchases of Fruits and Juices in March 1953. April 1953. 15 pp. (PMA) (Printed)

Egg Marketing Facilities in the Winston-Salem, N. C., Trade Area. March 1953. 21 pp. PMA in cooperation with North Carolina Dept. of Agriculture and North Carolina State College of Agriculture and Engineering. 21 pp. (Processed)

Margins on Fluid Milk in the Duluth-Superior Marketing Area 1947-48. Marketing Research Report No. 32, January 1953. 55 pp. (PMA) (Printed)

An Evaluation of Various Ratios for Classification of Cotton Fibers for Maturity. March 1953. (PMA) (Processed)

Carlot Shipments of Fresh Fruits and Vegetables by Commodities, States and Months Including Boat Shipments Converted to Carlot Equivalents Calendar Year 1952. April 1953. 22 pp. (PMA) (Processed)

Review of Program Operations - Commodity Credit Corporation, Fiscal Year 1952. 21 pp. (PMA) (Processed)

Summary of Regional Cold Storage Holdings for 1952. March 1953. 30 pp. (PMA) (Processed)

Cotton Quality Statistics United States, 1951-52. Statistical Bulletin No. 123. 1953. 63 pp. (PMA) (Processed)

Test of a Mechanical Refrigerating Unit Designed to Maintain Low Temperatures in Motortruck Transportation (An Interim Report) March 1953. 18 pp. (PMA) (Processed)

Fruits and Juices Availability in Retail Food Stores, February 1953. April 1953. 25 pp. (PMA) (Processed)

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